

# Is ‘No Deal’ the New Lazarus?

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Lazarus appears in the bible in the Gospel of John (11:1-44) and though having been dead for four days, was brought back to life by Jesus. As such it is believed to be a miracle that would be impossible by anyone other than the son of God. To be considered similar to Lazarus, it is necessary to be revived from a position of hopelessness.

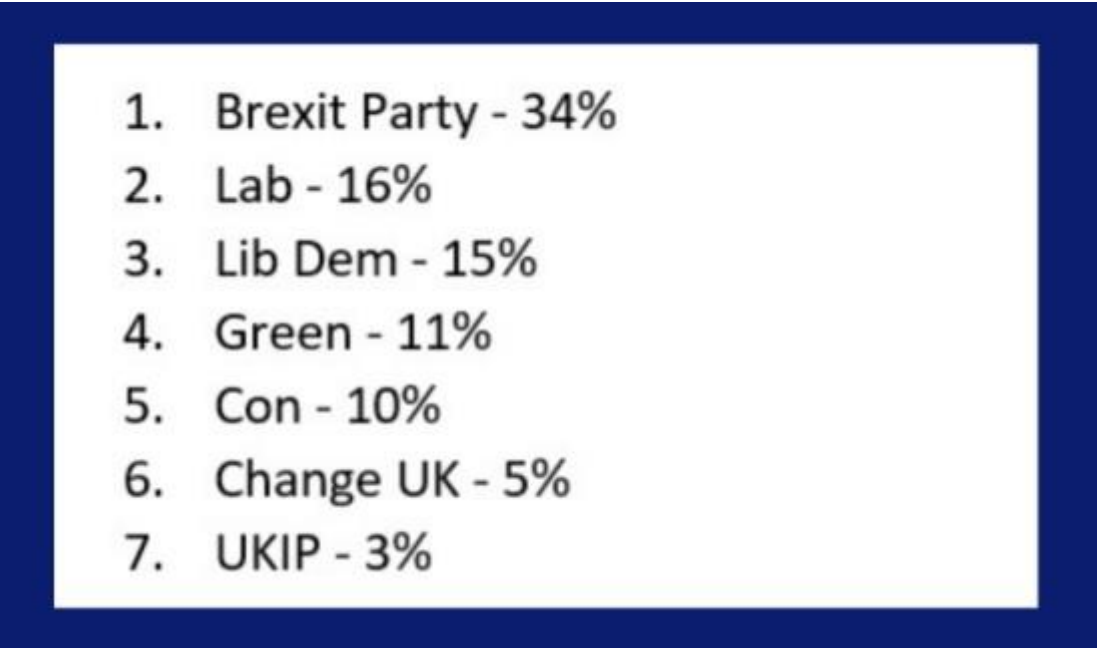
Though it's debatable whether a ‘No Deal’ Brexit was dead, in the aftermath of non-binding indicative votes in Parliament prior to the Easter recess, when MPs clearly voted their intention that this should not occur, commentators widely assumed that it was highly unrealistic as an outcome. Recognition of such, as well as the impasse in finding agreement on a deal to leave the EU, prompted Prime Minister Theresa May on 2<sup>nd</sup> May to reach out to the Labour Party to achieve a compromise on a Brexit withdrawal deal that, she stated, they could “both stick to”.

The informed view was that May's move in seeking out the assistance of Jeremy Corbyn's Labour Party was borne of a sense that gaining approval for any deal was going to be better than the prospect of an economically calamitous departure without any arrangements in place. Moreover, it was reasoned, May probably believed that getting a deal approved quickly would obviate the need to hold elections to the European Parliament on 23<sup>rd</sup> May.

At the time of writing, no compromise on a deal has been possible between the two major parties that would ensure a majority in the House of Commons. Because of this, elections to the European Parliament will take place on Thursday 23<sup>rd</sup> of May.

May said these elections would never occur. Moreover, as well as costing an estimated £150 million, the Conservatives and, to a lesser extent, Labour are likely to get what is commonly referred to as a ‘good kicking’ as traditional supporters desert them.

Results of an opinion poll, carried out by YouGov on 8<sup>th</sup>-9<sup>th</sup> May, appear to confirm the worst fears of leadership within both the Conservatives and Labour Parties:

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1. Brexit Party - 34%
  2. Lab - 16%
  3. Lib Dem - 15%
  4. Green - 11%
  5. Con - 10%
  6. Change UK - 5%
  7. UKIP - 3%

For the party of government to be in fifth place is, to say the least, pretty dreadful. Any plaintive explanation by Conservatives that, in the absence of a deal with Labour, it was necessary to hold the elections otherwise it would be deemed to have left the EU on 1<sup>st</sup> June appears to be cutting no mustard with their voters.

Though elections to the European Parliament are deeply unpopular, any immediate significance may become irrelevant should any withdrawal deal be agreed by Parliament. Under the terms of the EU summit in Brussels on 10<sup>th</sup> April at which May pleaded for another extension to the Article 50 process due to expire on 12<sup>th</sup> April – she asked for 30<sup>th</sup> June but was told it would be 31<sup>st</sup> October – should the UK achieve ratification of a deal “withdrawal will take place on the first day of the following month”.

The government’s objective is widely believed to be based on continuing to try and achieve agreement by MPs on a deal so that candidates elected on 23<sup>rd</sup> May never take their seats when the European Parliament meets on 2<sup>nd</sup> July. However, this task remains as difficult as ever.

It's probably safe to say that any deal agreed by Parliament with, presumably, support from a significant rump of Labour MPs, will definitely not slake the desires of Brexiteers who argue, with rising levels of fury, anything other than a 'No Deal' will not represent the will of those who voted to leave just under three years ago in the referendum.

Fears among Brexiteers of what would undoubtedly regard as a 'grubby' compromise between Labour and the Conservatives are being assuaged. Though some close to the talks try to present a sense that realistic progress is being made, the reality is increasing pessimism from within both parties that any compromise will be achieved.

For the Labour Party, anything less than a deal including a customs union will be impossible to sell to its supporters. The issue of whether there should be a confirmatory vote is not agreed within Labour's leadership though influential figures such as deputy Leader Tom Watson believes that it is essential.

May's internal problems are now the stuff of legend. Whatever history makes of her handling of negotiations concerning the UK's departure from the EU – not impressive according to Sir Mark Ivan Rogers, former Permanent Representative of the UK to the EU, until he resigned on 3<sup>rd</sup> January 2017 – her tenacity cannot be questioned.

Following the outcome of the disastrous June 2017 election, the vast majority of political journalists believed that May or her government could not survive long. That she had to rely on the Democratic Unionist Party (DUP), whose support for the EU has always been less than fulsome, suggested there would be difficulties in negotiating a withdrawal deal that would satisfy everyone.

This has indeed been the case and, unsurprisingly, the 'Backstop' to deal with the border between Northern Ireland and the Republic of Ireland is deeply resented by Brexiteers and the DUP. However, she is still PM almost two years later due, in large part, to the fact that her party were happy to allow her be the 'lightening conductor' during the negotiations with the EU intended to result in the UK's exit on 29<sup>th</sup> March.

The 599 page Brexit withdrawal agreement agreed with the EU last November is so closely associated with Theresa May that her demise might effectively mean an end to the current deal that has been so comprehensively rejected by Parliament. Her task of gaining any support from Labour is undermined by the probability that whatever numbers she gets from the opposition will be matched by losses from her own benches.

Theresa May is under no illusion of the challenge and has been warned that any such a deal would be unpalatable to them and, more significantly, members and supporters in their constituencies. Theresa May has 'run down the clock' to the point that she has run out of options. Should talks with Labour come to nothing, an outcome that very bet against, it's hard to see how her deal will ever achieve the support by a majority of MPs it needs.

It's highly likely that MEPs elected on 23<sup>rd</sup> May take their seats. Farage and his supporters have vowed to wreak as much havoc in the European Parliament to achieve their objective of departure without any agreement. Such behaviour won't assist our long-term relationship with the EU.

There is talk of control over Brexit will be given Parliament once again. The difference this time is that a process of elimination would be used to reach a form of withdrawal achieving majority support. In order that the UK avoids leaving the EU without any deal would need to be agreed by 31<sup>st</sup> October.

The end of October is over five months away. This would seem to give plenty of time even including for a summer recess, occurring in the past from the end of July to the beginning of September as well as the political conferences in September and early October when Parliament does not sit.

On the basis of the experience thus far, the portents for success are not auspicious. Whilst the prospects of a likely drubbing at the polls on 23<sup>rd</sup> May might concentrate the focus of those hoping for a compromise, the effect has been to stiffen the resolve of Brexiteers within the Conservative Party committed to nothing other than departure with 'No Deal'.

Should we go through the summer without a deal to leave the EU being agreed, the potential chance of the UK 'crashing out' on the 31<sup>st</sup> October will intensify. Consistency of purpose in avoiding this vista will not be helped if, as is being speculated, Theresa May is forced to resign as leader of her party if the results of the election held on 23<sup>rd</sup> May prove to be as awful for the Conservatives as anticipated.

Should Theresa May be replaced there is no reason to believe any successor will be dedicated to avoiding a 'No Deal' outcome. Indeed, it's perfectly possible that her replacement as leader will be selected on the basis of their willingness to embrace such an outcome.

Worryingly, the assumption that better information as to the impact of the UK's departure from the EU without a deal would reduce any desire to vote for such an outcome is proving not to be so. If anything, evidence from recent polls suggest that whatever economic or social consequences that might occur, are simply regarded as a price worth paying for sovereignty and freedom from the EU.

American author Mark Twain wrote in his book *Following the Equator*, published in November 1897 that, "It is my belief that nearly any invented quotation, played with confidence, stands a good chance to deceive." As we've seen in other shock election results, such an approach can be extremely effective in convincing voters.

Brexiters continue in their claims that the EU is an overly bureaucratic body that has, through taking money from the UK, as well as allowing freedom of movement to all citizens from other EU member countries, undermined the economic prospects of the UK. Nigel Farage's Brexit Party is popular quite precisely because its message appeals to voters across the political landscape.

Among traditional Conservative supporters there is a belief that May has failed in the objective in taking the UK out of Europe. Though it was a Conservative government under Edward Heath that oversaw the UK joining the EEC (European Economic Community) as it was then known, there has always been a large slice of the party that remained sceptical to becoming part of Europe.

Equally, among many Labour supporters, particularly in areas that have experienced the decline of manufacturing and other traditional

industries, the perception is that they have been let down by the Labour Party. The belief that the poorest have been let down by the established parties is reinforced by Influential economic outfit, the Institute for Fiscal Studies, which reports that increasing disparity in terms of pay, pay, health and opportunities has created distrust in democracy.

The import is that those with, as they believe, nothing to lose are increasingly likely to vote for those who proffer simplistic solutions based on little or no evidence. Brexit is producing an alarming sense of Nationalism in the UK.

This is a trend that has been seen across Europe especially in Italy with the election of members of the right-wing Northern League party led by Matteo Salvini. Northern League's message is overtly protectionist and anti-immigration. Following the general election in Italy a year ago, Salvini has been, since 1<sup>st</sup> June 2018, Deputy Prime Minister of Italy and Minister of the Interior.

The UK Leaving the EU without a deal is, despite the claims of Brexiteers to the contrary, unlikely to improve those who feel left behind or the so called 'JAMs' (just about managing). According to the latest figures from Office for National Statistics, the UK's unemployment currently stands at 3.8%. This is the lowest unemployment has been since October to December 1974.

Taken at face value, this statistic should give hope that those who feel disadvantaged that improvement in their situation is imminent. The reality for many is simply in earning enough to support their families. Life in the UK in 2019 is a struggle.

As Mike Amesbury, Labour's shadow employment minister, contends, "Look behind these figures and the reality of working life for many is one of struggle. Average wages are still below the level they were a decade ago and in-work poverty is rising."

It is against this climate that those claiming that some form of membership of the EU is beneficial struggle to be heard. Instead those arguing for a radically different approach that includes walking away from the EU and truly becoming an 'island nation' again, believe their message has allure.

Mark Twain is remembered for mistakenly being reported as seriously ill in the late nineteenth century. Twain's response to the English correspondent for the *New York Journal*, Frank Marshall White, who'd contacted him whilst Twain was in London in May 1897 to inquire about his health was that, "The report of my death was an exaggeration."

This story continues to serve as a warning to believing in rumours of the demise of others. Those who claimed that 'No Deal' was dead are being proved wrong. Such an outcome is more likely than ever and will have considerable consequences for the economy and investment by business.

Moreover, as YouGov polling on voting intentions for any future elections to the Westminster Parliament the indicates, Brexit's impact is likely to ensure the suffering of the two major parties well beyond the 23<sup>rd</sup> May. We continue to live through 'interesting times'!

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### **Brexit Breakfast's are back!**

Taking place at Birmingham City University on May 31 2019, Brexit Breakfast: The Construction Sector in a Post-Brexit Business Landscape will focus on the Construction Industry in a post-Brexit landscape and its issues for operations, supply chains and HR, Brexit's current and future impact on it and what lays in store after October 31st, with analysis and discussion from our panel members,

including Professor David Bailey, Mike Leonard, Professor Alex de Ruyter and Dr Steven McCabe.

A wide selection of breakfast options alongside refreshments will be available for you to enjoy at the event. This event is FREE to attend but registration is needed. [Sign up for your place here](#).